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#### **CALL TO ORDER**

[Time: 00:00:05]

Mayor Lane: Good afternoon, everyone. I would like to call to order our May 9<sup>th</sup>, 2017 City Council meeting and we'll start with a roll call, please.

#### **ROLL CALL**

[Time: 00:00:11]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Suzanne Klapp.

Vice Mayor Klapp: Here.

Carolyn Jagger: Councilmembers Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

Carolyn Jagger: David Smith.

Councilman Smith: Present.

Carolyn Jagger: City Manager Jim Thompson.

City Manager Jim Thompson: Here.

Carolyn Jagger: City Attorney Bruce Washburn.

City Attorney Bruce Washburn: Here.

Carolyn Jagger: City Treasurer Jeff Nichols.

City Treasurer Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

(Time: 00:04:30)

Mayor Lane: Thank you. Helpful items of business, we do have cards for those who want to speak on the topics on the agenda and/or for Public Comment. That's the white card the City Clerk is holding up over her head right now to my right. And if you would like to give us written comments on any of the agenda items, we do have that card which is now over the Clerk's head for those written comments which we'll read throughout the proceedings.

This afternoon we have Scottsdale Police Officers Jason Glenn and Anthony Wells to assist me and are

generally right there at 12:00 in front of me if you have need for their assistance. And the areas behind the Council dais are reserved for the Council and staff. And we have facilities under the exit sign for your convenience. If you're having difficulty hearing proceedings of our meetings, there are hearing assist head-sets available. And you can see the Clerk and her staff on my right, that desk, to receive one.

**PLEDGE OF ALLEGIANCE**

[Time: 00:01:39]

Mayor Lane: We'll start this evening's Council meeting off with the Pledge of Allegiance. We have the daughters of the American Revolution, Grand Canyon chapter to lead us in the pledge. Ladies, please.

Daughters of the American Revolution: We pledge allegiance to the flag of the United States of America and to the Republic for which it stands. One nation, under God, indivisible, with liberty and justice for all.

Daughters of the American Revolution: And we are from the Grand Canyon Daughters of the American Revolution. It's an organization to.....

Mayor Lane: Go ahead and use the microphone.

Daughters of the American Revolution: Starting at the age of 18. Regardless of race, creed. Anyone can join if you can prove through ancestry that your ancestor, male or female, has aided in some way in the Revolution. Be it fighting or supplying guns or food. Anything like that. Are there any questions?

Mayor Lane: We'll just go with the information.

Daughters of the American Revolution: So I can't run it, right?

Mayor Lane: No, it's not on the agenda that way. Thank you very much, ladies. Appreciate it.

**INVOCATION**

Mayor Lane: This evening we also have an invocation by the President and Co-founder of the Islamic Speakers Bureau of Arizona. Azra, welcome.

[Time: 00:03:16]

President and Co-founder of the Islamic Speakers Bureau of Arizona Azra Hussein: Thank you. Good afternoon. In the name of God, the compassionate, the merciful, consider the flight of time. Verily man is bound to lose himself unless he be of those who attain faith and do good works and enjoy upon one another the keeping to truth and enjoy upon one another patience in adversity. Today, oh God of

all creation, we seek your guidance and your favor as our Council members set out to address the issues that concern the people of the City of Scottsdale.

This city that you have blessed. Thank you for all that you give us, and forgive us our mistakes. And in this time where families, communities and nations are divided, please continue to bless our city, bless our state, bless our nation, and the people and nations of the world. Dear God, guide our Council members to make decisions today that will make our city a better place tomorrow than it was yesterday. In justice, in kindness and with respect for all. Amen.

Mayor Lane: Amen. Thank you, Azra.

### **MAYOR'S REPORT**

[Time: 00:04:30]

Mayor Lane: Now we have a couple items under a report status. And I'd like to ask Kathleen Wynn from the Marine Corp. Scholarship Foundation, and John Bennett from the Marine Corp. Law Enforcement Foundation to come up for their presentation. But I will, in the meantime, in fact, why don't you have a seat. I'll read the proclamation and we'll get together up there. You can go to the presentation from there. But the proclamation we have for both of these organizations is in recognizing Gathering of Heroes Week.

Whereas a no greater calling than to defend American freedom and values. And whereas the men and women who defend those values and make deep sacrifices. And whereas both the Marine Corp. Law Enforcement Foundation and the Marine Corp. Scholarship Foundation are holding event this is week to assist military veterans and their families. And whereas assisting those events will be at least six Medal of Honor recipients, individuals who have earned the highest military recognition our country can bestow. And therefore, now Jim Lane, the Mayor of the City of Scottsdale, proud to recognize the efforts and welcome them to our community by proclaiming the week of May 7 through 13<sup>th</sup>, 2017 as Gathering of Heroes Week, and I urge all citizens to thank the veteran heroes in our midst.

### **PRESENTATIONS/INFORMATION UPDATES**

Mayor Lane: If you could come forward. Thank you very much.

[Time: 00:06:55]

Kathleen Wynn: I'm the proud daughter of a U.S. marine. And I serve on the Marine Corp. Scholarship Foundation. We give children of Marines and Navy corpsmen who served with Marines the scholarships to go to college. Last year, we provided 105 college scholarships to our state institutions and other state institutions so children whose parents served can go anywhere they'd like to go and attend college. 50% of the kids that go to college served by this scholarship, no one in their family has ever gone to college. As you know, Marines have been known for their legendary sacrifices. But we don't believe their children's education should be one of them. This Saturday we will have a gala. The Mayor shared that we are going to have six Medal of Honor recipients there. And four Gold Medal families there. Families that have lost their loved ones serving. And we are going to have over 20 of our scholarship recipients there. And we will be holding this event in a way to bring awareness

and let people know that for 55 years the Marine Corp. has served its Marines by providing education to their children. And we appreciate the Mayor and Council giving us this moment to share that news with you. And thank you for your support, Mayor Lane and Council.

[Time: 00:08:21]

John Bennett: Thank you, Kathleen. You're probably wondering why there's two different organizations here. When essentially, we do the same thing. My organization, the Marine Corp. Law Enforcement Foundation, does a little further outreach for law enforcement officers. But essentially, we do the same thing. We provide scholarships to the children of our fallen heroes. And we started our organization in 1995 by former Marines and law enforcement officers who really believed that our nation's most precious resources are youth. We have been recognized by Independent Charities of America for excellence and efficiency in operating our foundation. And the reason why is because 98.4 cents of every dollar goes to the children. We have very little overhead. We have one part-time employee in New York that works about 60 hours a week. But since our inception in 1995, we have given over \$71 million to over 3900 recipients. Since January we've given over a million dollars to 41 recipients in but right here in Arizona since 2004 we have given \$1.5 million to Arizona children and military families in Arizona in the form of humanitarian aid.

We have two events this week, as the Mayor referred to. One is the Gathering of Heroes. Which will be at the American Legion post in Cave Creek. And our Medal of Honor recipients will be there. I invite everyone to please come and meet and greet and meet these rare, very rare individuals. There are only 74 living recipients of the Medal of Honor. A good chance to meet our real heroes. And Friday is our annual fundraiser, our golf tournament at Desert Mountain. There is a little room if you want to get in there. Our Website is MCLEFAZ.org. If you want to golf at a really great venue and meet our recipients and have a great time, that's the place to do it. I want to introduce someone from our committee here tonight, Lieutenant Colonel Charlie Black, United States Air Force, Retired, who served our country and continues to serve our youth. Thank you for being here tonight. And I want to thank Chief Allen Rodbell who quietly but over many years supported our organization. I know he's here tonight. Thank you, Chief, for your support. Thank you very much. We appreciate the proclamation and we hope that good press will get the word out about both organizations. Thank you.

Mayor Lane: Excellent. Thank you, John, and thank you, Kathleen.

#### **PUBLIC COMMENT**

[Time: 00:11:33]

Mayor Lane: So we have Public Comment is next and it's reserved for citizen comments regarding non-agendized items with no official Council action taken on these items. Comments are limited to issues within the jurisdiction of the City Council. And speakers are limited to three minutes each. Maximum of five speakers. We have one here right now. There will be another opportunity at the end of the meeting for additional Public Comment if it's necessary. But the request to speak for Public Comment period is Jason Alexander. If you want to come to the podium, please.

[Time: 00:12:18]

Jason Alexander: Hello. Jason Alexander, 9976 East Jasmine Drive, Scottsdale. I'm here to talk about the Desert Discovery Center. And today I want to talk about the Desert Discovery Center's fundraising efforts led by their Director of Development, Randy Schilling. Some of you may have seen this, but some may not have. We found out that our emails to the city are being filtered by the city's servers. That's something we've inquired and are looking into. Hopefully that problem will be corrected. I can go into detail about how I know that, but it will probably take up all my time, boring you with geek speak. So I'll skip that one for now.

I want to talk about Desert Discovery Center's fundraising efforts. Starting with Mr. Schilling. This right here is Mr. Schilling's invoice to the city for January. And every month he has one of these. And they look pretty much the same, lots of meetings, lots of trips to golf courses, to restaurants. Some of these things, when you study them line by line, you start asking yourself, what does this have to do with the Desert Discovery Center? Or are some of these billings really appropriate? This one stood out. This is Mr. Schilling actually charging the city 100 bucks an hour plus mileage to attend the memorial ceremony for Senator Carolyn Allen at Brown's Ranch. Here's some other one he did. Back in September, this one stood out because this is Mr. Schilling charging the city a hundred an hour, plus mileage, to attend a charity dinner chaired, or excuse me, a charity dinner for the Pulliam Foundation of which his wife is the chair of the board. So really curious that he would charge people for it.

Here's another one. This one is his March expenses. What's highlighted here? Scottsdale Arts Festival. Great event. I'm not sure what it has to do with the Desert Discovery Center. Scottsdale Forward event. Again, what does that have to do with the Desert Discovery Center? This one in green, Mr. Schilling is actually charging the city and the taxpayers to meet with his own board member. So we started to ask ourselves, what is the purpose of this? What does this guy do? And as we looked at Desert Discovery Center's contracts and Mr. Schilling's billing against his contract, what we found is that every month, month-to-month, almost all of his tasks come against, almost all of his hours are logged against two tasks: task 206, fundraising feasibility study, and 308, fundraising cultivation. That is what Mr. Schilling does. And, hey, there's nothing wrong with having a marketing department. But we don't think this is appropriate as taxpayers, conscious about our taxes that this is what he does month after month after month, making six figures last year. Getting paid \$100 an hour to go and basically promote this center. So that's all I've got for today. I'm going to close really quickly with one simple request that will just take a few seconds. You're going to hear a presentation fairly soon in the next few months from Desert Discovery Center. Their results of their study. And I'm sure it's going to be great. It's going to be their best sales pitch. I would ask you to consider to let me come back and speak on the agenda so I can get a little more detail than I have three minutes to do, and you can hear a real counterpoint to this plan. You are going to have the pro side. So I would ask that you would consider bringing me back for the agenda to talk about the con side when I have a little more time. Thank you very much and thank you for letting me run a little bit over.

[Time: 00:16:01]

Mayor Lane: Thank you, Mr. Alexander. Next, we have just added on, Mark Stuart.

[Time: 00:16:40]

Mark Stuart: I'm ready to go, Mayor. I've got some great news. We're ready to rock and roll at Save Our Preserve Inc. We're a nonprofit corporation. All of our paperwork has been processed and we exist for one reason only. To protect and defend civil and statutory rights here in Scottsdale by pursuing appropriate litigation. We're not affiliated with the ballot initiative by a similar name. So in case you were wondering. Our first action will be under way shortly. We couldn't file our complaint this week because we just didn't have all of our paperwork done, and our attorney wasn't able to move forward. Our very first action is right here in our own City Council chamber. It will involve four separate issues. One is a violation of the open meetings laws, one is violation of the public records laws, one is violation of the city charter and one is a violation of the right to freely assemble under the Arizona constitution. The great thing about open meeting laws litigation here in Arizona, is that if you name the Mayor individually and you name the City Attorney individually, they have to defend themselves with their own money. And if you win, they have to pay your legal costs, including all your attorney's fees, with their own money. So a draft copy of our complaint is attached. To this presentation. It's quite long. It's, needs a little bit of fine-tuning, but we've named the City Attorney in his individual capacity, Mayor Lane in his individual capacity, the City Manager in his individual capacity, and the City Clerk for violating the public meetings laws. If you would like to go ahead and read through this, I submitted a copy of this in its entirety to the Clerk. She needs to make sure that she mentions this in the agenda and she needs to make sure that she has a way for people to know how they can get a hold of this. Because that's one of the issues in the complaint is, you don't make adequate meeting record, records of the meeting and the public has no way to get accurate information without doing a lot of extra work. And that's an issue that the court's going to resolve.

The second thing I would like to bring to your attention is an open meeting law complaint. I filed this myself. It's supported by this. There are ten exhibits and there are a number of witnesses. This pertains to the conspiracy that was constructed and effectuated by Mayor Lane, Mr. Washburn, the City Clerk and apparently, the City Manager on February 7<sup>th</sup>. You guys took action even though you knew people wanted to be in this room speaking on some of the agenda items. Those agenda items are void. So we're going to ask the court to set them aside. You can get around that by re-noticing them and giving the public, it's called ratification. Giving the public a chance to speak on it and then voting again. But if you don't, it's set aside. And if we go in, when we go in, and that will be hopefully by the end of this week, you will have to pay our costs to go in to force you to do that. So these are quite serious matters and I hope you'll take it seriously. That's all I have. If you'd like to join in this open meetings violation complaint, all you have to do is file a, fill out a form and fax it into the Attorney General's office and it's a mandatory investigation. So....

[Time: 00:20:34]

Mayor Lane: Thank you, Mr. Stuart. Your time has elapsed.

Mark Stuart: Alright. Thank you, Mayor Lane.

Mayor Lane: That completes the Public Comments we have for this evening. Or at least at this time.

**CONSENT AGENDA**

[Time: 00:20:49]

Mayor Lane: So we've got our next order of business is our, I should say our Consent items. One through nine. Matter of record. Is there any questions? There are no cards to speak on it. If there were any more motions?

Councilmember Korte: Mayor, I move to accept Consent agenda items one through nine.

Councilwoman Littlefield: Second that.

Mayor Lane: Motion's been made to accept the Consent items one through nine, and seconded by Councilwoman Littlefield. And then since there's no further comment, I think we're then ready to vote. All those in favor, indicate by aye, those opposed with a nay. It's unanimous on the Consent. If you happen to be here for Consent items, you can continue on with us or leave, please do so quietly.

## **REGULAR AGENDA**

[Time: 00:21:40]

Mayor Lane: Our next items, Regular Agenda items, items ten, 11, and 12. And we'll start with item 10 the Tax Equity and Fiscal Responsibility Act of 1982, the public hearing. Mr. Jeff Nichols is here for us as Treasurer. But we have a specific guideline on the public hearing requirement on a TEFRA as it's referred to. And this is item ten, and TEFRA is the Tax Equity and Fiscal Responsibility Act. This is the public hearing. This is the time and place set for the Tax Equity and Fiscal Responsibility Act of 1982, public hearing on the proposed issuance by the City of Scottsdale municipal property corporation of its excise tax revenue bonds series 2017B for the aviation improvements project. Anyone who wishes to comment on the proposed financing of the airport improvements or the issuance of the bonds should complete a speaker card with the Clerk and then wait to be called upon. If you submitted a comment to the Clerk prior to the hearing, she has already given to them to us for review. I do not see any cards at this time.

City Clerk Carolyn Jagger: Your Honor, Mr. Stuart just requested a card. He's filling it out now.

Mayor Lane: Okay. Mr. Stuart, yes. Go ahead.

[Time: 00:23:37]

Mark Stuart: Would you mind focusing that? Can you guys read that? That's a letter from the IRS telling me that I'm about to get money for a whistle blower complaint that I filed against the City of Scottsdale. The reason that I filed it was that our city had given one of the world's wealthiest men \$2.1 million loan and had the taxpayers pay the interest. And we told the investors that those were tax exempt bonds. Now when we told them that, we were lying. And I didn't say it, Mr. Washburn said it. I believe the City Treasurer's office said it and city staff that prepared the documents said it. They had already examined these bonds once. They're back. This ties into this. Because you've got some tax, some bonds, we don't know whether they're tax exempt, we don't know whether they're taxable. You didn't describe that in your, in your agenda item. But this is quite a serious issue.



When city staff knowingly make false statements to their bond Council, or they may even tell the bond Council the truth, and the bond Council then issues securities to investors and they claim that they're tax exempt and they know that they're not, that's securities fraud. Why should you care? This complaint was filed in 2013. They're finally processing it. But once you get the letter like this, that means they're going to put the hammer down and I'm going to get some money out of it and somebody's going to have to pay the penalties. This will be our second penalty on these same bonds. The reason you should care, is I filed four other complaints on bonds that are not tax-exempt where the city has claimed that they're tax-exempt. And the city knew when they put those out there that they were not. That's securities fraud. Secures fraud is not a civil violation, it's a criminal offense. So it's quite serious.

So before you proceed, I just wanted to bring you guys up to date. I had forgotten to bring that a couple of months ago when I got it. I just want to bring you up to date and let you know how serious these issues are. So when you issue debt and you bind the taxpayers, if you're giving that money away to a private business and you're not explaining that to the investors up front, and you're not explaining why you passed the private activity bond tests, and if you don't, that's fraud. So here we have a bond issuance, we don't know any information about it, we don't know whether it is tax exempt. We don't know whether he did any analysis, and we don't have any way to examine that as the public. And we should.

Talking about the airport, before we spend any of this money on the airport, I would like to know, has anybody addressed the issues that nearby residents have raised about the noise and the late-night traffic from the planes? As I understand it, we're the only airport in the United States that doesn't have a curfew on flights. And no one's given a reasonable answer for that. But before we do any expansion or spend more taxpayer money, we should put some rules in place with a hard and fast curfew enforced with stringent penalties. Thank you for your time.

Mayor Lane: Thank you, Mr. Stuart. Thank you for your comments. The public hearing is now concluded.

**PUBLIC HEARING ON THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FISCAL YEAR 2017/18 ANNUAL ACTION PLAN**

[Time: 00:27:11]

Mayor Lane: Our next item is item 11. And item 11 is the Public Hearing on the Community Development Block Grant Program Fiscal Year 2017-2018 Annual Action Plan. We have Michelle Albanese who I believe is moving to the podium, our Community Assistance Manager.

[Time: 00:27:53]

Community Assistance Manager Michelle Albanese: Good evening Mayor Lane and members of the City Council. The purpose of tonight's hearing is to seek approval on fiscal year 17-18 Annual Action Plan for the Community Development Block Grant and HOME programs. The City of Scottsdale has participated in the CDBG program for the last 42 years. CDBG is a federal program administered by the U.S. Department of Housing and Urban Development. Funds are awarded on a non-competitive basis to communities with populations greater than 50,000. Activities funded must meet one of the national

objectives, which are benefit to low and moderate income persons, prevention or elimination of blight, or meet an urgent community need. A maximum of 15% can be utilized for public service activities, and 20% for planning and administration.

The city has also participated in the HOME program for the past 20 years. HOME funds may be used to support decent housing and increase home ownership opportunities to low and moderate income persons. HOME funds are available from HUD through the city's participation in the Maricopa County HOME Consortium. Others members of the Consortium include the cities of Tempe, Chandler, Gilbert, Avondale and Peoria. As a condition of receiving CDBG funds, recipients are required to develop a plan every five years to assess the needs of the community. Annually, HUD requires submittal of an Action Plan which describes specific activities and funding amounts for the planned federal, for the planned use of the federal program. The Annual Action Plan describes the resources and proposed activities to be carried out in fiscal year '17-'18. The Action Plan serves as the city's application for funding and is due to HUD by May 15th.

[Time: 00:30:11]

Federal regulations require grantees to hold at least two public hearings during the development of the Annual Action Plan. The city held five public hearings with the Human Services Commission to allocate funds to agencies through the annual funding process and during the development of the plan. On March 23rd and March 30th, agencies requesting funding had the opportunity to address the Commission during their informal and formal funding discussions. The Commission's final funding recommendations from the March 30th meeting are outlined in the Annual Action Plan and are presented to Council this evening.

I think I might have skipped a slide here. Okay. Since 2010, the CDBG and HOME programs have suffered excessive budget reductions. From 2011 to 2014, CDBG has decreased a total of \$158,000, over 15%. However, in the last two years, funding has decreased by \$46,505. The anticipated allocation for this fiscal year is level funding in the amount of \$941,577. The HOME program has also experienced funding reductions over the past several years. For fiscal year 17-18, the anticipated HOME allocation is \$219,957, or a net decrease of \$3400 from fiscal year 14-15.

Due to the increasing number of proposal requests year after year, the Human Services Commission provided direction to staff to seek alternative funding sources for food programs and regional homeless shelters. Staff secured resources through the Salt River Pima-Maricopa Indian Community, SRPMIC grant funding, to provide additional funding for these programs. Leveraging the SRPMIC grant funds provides funding for six programs in fiscal year 17-18. The SRPMIC funding will be presented to Council on June 27th. CDBG funding recommendations for eligible programs and services for fiscal year 17-18 total \$1,190,867. \$895,655 is recommended for public services activities, housing and facility improvements. \$188,315 is allocated to the city for planning and administration of the program. The remaining unprogrammed CDBG funds.....

Mayor Lane: Excuse me one second, Michelle. We do have a question or a comment from Councilwoman Korte.

Michelle Albanese: Okay, sure.

[Time: 00:33:15]

Councilwoman Korte: Thank you, Mayor. Michelle, could we go back to that slide regarding alternative funding?

Michelle Albanese: Absolutely.

Councilwoman Korte: Can you tell me the process for which those organizations were chosen?

Michelle Albanese: Mayor Lane, members of the Council. When we write our proposal to the SRPMIC grants, we indicate that we would be using the money for shelters and for food programs. And so, when we have our annual funding process, which includes CDBG, HOME, SRPMIC, Scottsdale Cares and General Funds and Endowment, we do that process all as one. We will then take proposals that meet that criteria that may have applied for a different funding source and move them over to the SRPMIC as they meet that grant requirement.

Councilwoman Korte: So in the past those organizations that have received SRPMIC funding have applied for those grants individually. Is this a different process? Or is it another process?

Michelle Albanese: As far as my understanding, as long as we have had the SRPMIC here, the agencies haven't directly applied for the SRPMIC. The city gets the funds from the tribes and we allocate the funding based on the eligibility.

Councilwoman Korte: So is this, so I'm confused. Because I was involved with this differently several years ago with a nonprofit for which we did apply to SRPMIC. And it was passed through the city. Is this the same money pass-through?

Michelle Albanese: Mayor Lane, members of the Council. It is the same money. We do get the money directly from the tribes. As far as I have known since I've been here, for nine years, we have always had the agencies apply through the one funding process and then whatever agency meets the grant requirements, we would move those agencies over.

Councilwoman Korte: Have those grant requirements changed in the last couple years?

Michelle Albanese: Not to my knowledge.

Councilwoman Korte: Okay. Okay. Thank you.

Michelle Albanese: You're welcome.

Mayor Lane: Thank you, Councilwoman. Michelle, if you want to continue.

[Time: 00:35:53]

Michelle Albanese: Okay. Let's see if I remember where I left off here. Any remaining unprogrammed CDBG funds may be awarded to existing eligible projects in 17-18 or reprogrammed through the following year's funding process. HOME funding recommendations for eligible activities for fiscal year 17-18 total \$254,217. \$240,470 is recommended for housing acquisition for transitional housing. And \$13,747 is allocated to the city for administration for the HOME program. The Commission reviewed a total of 19 proposals from agencies requesting over \$1.3 million in CDBG and HOME funds. The Commission recommends funding six activities, three housing rehabilitation activities and three facility improvement projects with CDBG funds. One proposal requesting HOME funds was received, and the Commission recommends funding that one HOME activity.

The Commission's CDBG and HOME programs will provide funding to 15 agencies to deliver programs and services to over 1800 individuals in the community. Recommended CDBG funding includes \$146,458 for activities benefiting Scottsdale's youth, victims of domestic violence, seniors, persons with disabilities and those experiencing homelessness. \$420,000 is recommended for housing rehabilitation, emergency repair, and roof repair programs. \$329,197 is recommended for facility improvements. And \$188,315 is allocated to the Community Assistance Office for administration of the CDBG program. HOME funding in the amount of \$240,470 is recommended for housing acquisition and rehabilitation for transitional housing for low income families. \$13,400 is allocated to the Community Assistance Office for HOME administration.

The Human Services Commission and staff respectfully request Council adoption of Resolution Number 10750, approving the Annual Action Plan for Fiscal year 2017-18. Thank you for the opportunity to present to you this evening, Council, and I would be happy to entertain any questions.

[Time: 00:38:38]

Mayor Lane: Thank you, Michelle. You know, I just have a quick follow-up question. Maybe slash comment. And that I don't know that, how it might have changed, but I had the same experience that Councilwoman Korte has had with regard to how we go about receiving the Prop 202 monies. And the gross receipts, the gaming receipts and the distribution. We've always submitted, at least for the last several years, as far as I know, those requests have come from, have actually gone to the tribe and we came back, and they came back to us as to whether they would accept them or not. But the allocation of the funds was with the tribe and to the extent they might fund it, irrespective of what the request may be. I don't know if something has changed dramatically in recent times, but I certainly play a part in with that the issuing of the letters to the SRPMIC as well as the conversations sometimes with the agencies that are looking to find the SRP to make those applications. And find out whether they qualify under the SRP, frankly, the gaming pact. So Prop 202, as it's commonly referred to. So I'm not sure what the difference is there, but, and I don't know how it translates on to this as far as what might have changed or not changed. But I don't know if there's someone who's dealt with this area through the years that might be able to comment on this. This was always, I'm sorry, I've got city staff. But I'm not sure who that is. But I'm looking right now at Bill. I'm presuming that it's you.

[Time: 00:40:24]

Community Services Director Bill Murphy: Mayor Lane, members of the Council. To kind of go back to the question from Councilwoman Korte, each year we work with Brad Lundahl to prepare a list of

areas of need in the grant process. So it could be for housing, it could be for delivering of meals, it could be for seniors. And so we put that list together. We submit that in there. In the past, the city has had some pass-through organizations who have requested some assistance. And those funds come as a group collectively with the submittal which we would be putting forward from Community Services. So someone may ask for \$50,000 for something specific. I'm thinking of one year Ronald McDonald House, there was a grant that came through for that. And so that comes through. So maybe our allocation we received from the Native Americans is reduced a little bit just simply because there could be some pass-through that's going to another nonprofit here in Scottsdale.

I don't know if that answered your initial question. But we have really tried to utilize the grant funding for in the last few years is as we have had issues with, obviously, the congregant and home delivered meals was a big issue a few years ago. We were looking for some alternative ways to be able to still provide that and have some funding. All of these submittals that come through the Community Assistance Office are reviewed by the Human Services Commission. This is just a resource for us to be able to, if those nonprofit groups could meet a criteria of those areas of need that we have identified, then we allocate those dollars to them. If they stay in CDBG, they stay in CDBG, if they stay in HOME, they stay in HOME, Scottsdale Cares. Each of those nonprofits specifically apply for where their need is, where they want to accept grant funds from. And at times also with the Native American gaming grant monies we are able to move some people off of CDBG and put them under the grant with Salt River funding. So that way we're able to provide to more nonprofits during that one year of the funding process. I don't know if that answers some of the questions that you had.

[Time: 00:42:54]

Mayor Lane: It does in part. Sounds to me like there might be a little bit of a hybrid kind of exchange. Because there's been a number of instances, a couple years ago, when there was a shifting of some of the agencies that went through a different city or otherwise, came through Scottsdale. And there was a bit of communication with those agencies. I'd say through my office in some instances and otherwise, where they asked about it being directed to Salt River, SRPMIC. And that seemed to me, it sounds like it was sort of outside the realm. There were a number of things that submitted specific dollar amounts. And I thought it went, and I'm presuming it did, went to SRPMIC first in this particular incident. And I don't know that, you know we deal with the Gila River and also the Fort McDowell/Yavapai. There may be some changes in that. But that's been the preeminent exchange on the Prop 202 funding. So it may be a mix of both. Maybe, and I don't know exactly what course it's taken. But I'm often, I've always believed, and I don't know that it's been made perfectly clear, that the tribe does make the determination of what funds will go to what agencies ultimately. They may submit something. And maybe we may even submit, but ultimately they decide. Do they not, or am I askew on that.

Bill Murphy: Mayor Lane, members of the Council, we submit a list of categories, if you will, to the tribe. Now, the specific example you're referring to, that would be a pass-through, say, from a nonprofit to go through there. Their specific requests would be written for what they are looking for gaming funds to take care of. \$50,000, \$20,000, whatever it might be. That is evaluated. You are correct. That is evaluated by the gaming grant authority through the Salt River Pima community. So they would say, yes, that's worthy of us to have a pass-through to go through the city's process. And they would make that selection. Our Human Services Commission would not be making that decision

on that pass-through. So you're correct in that regard.

[Time: 00:45:25]

City Attorney Bruce Washburn: Excuse me just a second. Sorry, I'm going to interrupt. We are only agendaized to talk about the CDBG tonight. We are getting off of what goes through CDBG, might otherwise go. These are very good questions and I will provide the Council with elucidation on Prop 202 funds, what goes through CDBG and what happens otherwise.

Mayor Lane: I suppose, and I appreciate, Mr. Washburn, stopping us. I do see that the agenda item is specifically for CDBG funding. But we do have up on the screen that was thrown up as part of the overall component. And I suppose that's what initiated the conversation.

Bruce Washburn: Once we stopped talking about the CDBG portion, that's when I started getting nervous.

Mayor Lane: So really that slide that we just looked at, with regard to SRPMIC, is to be disregarded as far as what we're voting on tonight.

Bruce Washburn: That slide explains part of how the CDBG grants got to where they are. But it's not, I don't think it's everything that comes from Prop 202. But that is the information that I'm going to get for you and get back to you on that. But I don't think you need to worry about what else Prop 202 funds might go to besides CDBG-eligible activities which is what this slide is talking about.

Mayor Lane: This would have nothing to do with something that's not eligible for CDBG funds. Only for those.

Bruce Washburn: Right. This is basically about replacing CDBG funds.

Mayor Lane: And part of the answer, okay. Thank you. Okay. Then never mind. All right. So I think with that, then, you had concluded, and we do have another question or comment from Councilman Phillips.

[Time: 00:47:20]

Councilman Phillips: Thank you, Mayor. I would like to make a motion to adopt Resolution Number 10750.

Vice Mayor Klapp: Second.

Mayor Lane: Motion's been made by Councilman Phillips and seconded by Councilwoman Klapp. No other, further questions or comments. So I think we're then ready for a vote. All those in favor, indicate by aye and register your vote. It's unanimous, then.

Michelle Albanese: Thank you very much. Appreciate it.

**ITEM 12 – MONTHLY FINANCIAL UPDATE**

[Time: 00:47:54]

Mayor Lane: All right. Our next item, 12, City Treasurer, Jeff Nichols, for our monthly financial update. And he's at the podium. Welcome.

[Time: 00:48:06]

City Treasurer Jeff Nichols: Thank you, Mr. Mayor, members of Council, monthly financial update as of March 31st, 2017. Get started for the people who like a visual representation of our revenues. Comparing revised budget to actuals. The bottom line. You see \$91.1 million falls a little bit short. And this slide I think presents it better. Seeing the actual numbers. You'll notice there on the taxes, local, the largest variance we have of the \$5 million. That's changed just slightly. But bottom line is, the reason for this reduction is take the administration of ADOR taking over collection of the TPT receipts on behalf of the city. We're not seeing it growing, however, so that's good news. You look about two-thirds of the way down, halfway down. You see fees, fines and forfeitures, a slight negative variance in that column due to the suspension of the downtown parking enforcement program working with vendors in the downtown and also related to photo radar being turned off for a portion of last fiscal year which affected the collection of payments in this fiscal year.

So overall in our General Fund operating sources, a negative \$4 million variance. When you look the at operating sources of the sales tax, again, a visual representation of all the sales taxes with only one showing actuals greater than budget. Again, this representation across the board and it's what we expected with the lag in collections and the remittance from ADOR through the state treasurer to the city. And, again, it is not increasing, so we're happy that ADOR seems to be getting its sea legs under it and maybe is performing a little bit better than we thought they would.

For the month of March, you see there, the payment from, that had lagged from the previous month are now being remitted and recorded on the books of entry, accounting books, in March. You see a 1.3% positive variance. Not to forecast, but just month over month. Comparing this March to last March. We have had a 1.3% increase in the income. Which equates to about \$121,000. So hopefully we see these lines green from here on out going to the end of the fiscal year.

General Fund operating uses by category. Again, the good news is, you saw the negative variance with the revenues, what you'll see here is a positive variance on the total uses of \$5.4 million. Many of these in the personnel services we will get to a little bit later. Contractual services and commodities, these are not timing variances. These are variances that we feel will carry through to the end of the year. The jail services contract would be an example. It's a little bit low. We have some savings. On the banking services fees and the City Treasurer's area, we feel those savings will be there at the end of the year. And some are timing and we don't expect them to last through the end of the year. Again, I'll be having discussions with the City Managers on ways to maximize savings in this area.

Certainly we have some areas where we're seeing a reduction when compared to budget. One of those was utilities. And so we believe we'll see about a half a million dollar variance. That's not a

timing variance. Those are savings that we'll realize when you get to the General Fund services. You see on the salaries a \$1.3 million favorable variance. Across the board in the city, tenured staff leaving and we're replacing the staff with people with less experience. They can certainly perform the job functions, but they're not paid at the top of the range. So we're realizing some savings in those areas.

We're also realizing, although it doesn't show well in this slide, the police department has made a concerted effort this year to control their overtime costs and we expect to see significant savings in the overtime in the police department to the tune of about \$500,000. However, that savings is being masked by some difficulties we're having in the fire department with approximately 20 people out on restricted or light duty and having to cover those positions on a constant basis, staffing, constant staffing, excuse me. So by division, again, all the divisions you look, all except public safety, fire, having a positive variance when you compare the actual to the budget amount. Revised budget amount for the end of the fiscal year. And where we think we would end up if everything stays static. Positive variance of the change in fund balance. Positive variance of \$1.4 million with the revenues being negative, by \$4 million in used being positive by \$5.4. However, I don't believe all of the 5.4 will stay there. This may be one of the first years in some time that we didn't end a fiscal year with, quote, unquote, winnings from what we had projected from the budget. With that I would take any questions you all may have.

[Time: 00:53:29]

Mayor Lane: Thank you, Mr. Nichols. I think it was well-explained and well-presented. I don't see any questions.

Jeff Nichols: Thank you, Mr. Mayor. Thank you, Council.

Mayor Lane: Simply an update. So there's no, for information only. And no further Public Comment, petitions.

**PUBLIC COMMENT – NONE**

**ITEM 13 - CITIZEN PETITIONS – NONE**

**MAYOR AND COUNCIL ITEMS**

**ITEM 14 – BOARDS, COMMISSIONS AND TASK FORCE NOMINATIONS**

[Time: 00:53:55]

Mayor Lane: Mayor, Council items. So we will move, then, to our item 14, which is our Boards and Commissions and Task Force nominations. And for that purpose, I turn it over to our Vice Mayor. Vice Mayor.

[Time: 00:54:09]

Vice Mayor Klapp: Thank you. This evening the Council will be nominating Scottsdale residents



interested in serving on citizen advisory Boards and Commissions. We have seven with vacancies. It's the Citizens Bond Oversight Committee, Industrial Development Authority, Library Board, Loss Trust Fund Board, Neighborhood Advisory Commission, Parks and Recreation Commission, and the Paths and Trails Subcommittee. They will be interviewed at the Council meeting on Tuesday, May 23rd and appointments will follow each set of interviews.

#### **CITIZENS' BOND OVERSIGHT COMMITTEE**

[Time: 54:39]

Vice Mayor Klapp: We begin with the Citizens' Bond Oversight Committee. This committee consists of seven members who receive reports on the city's progress in implementing the bond program and review and propose changes to the program. John Barwell tendered his resignation in March and Charles Kaufman in March. There are two vacancies and two applicants, Andrew Armstrong and Brion Neeley. So we will start with entertaining nominations for this committee and a reminder, you can vote for two. Begin with Councilwoman Littlefield.

Councilwoman Littlefield: Thank you, I'll vote for Andrew Armstrong and Brion Neeley.

Vice Mayor Klapp: We have two people nominated. I think we can stop there. We have Andrew Armstrong and Brion Neeley nominated.

#### **INDUSTRIAL DEVELOPMENT AUTHORITY**

[Time: 55:32]

Vice Mayor Klapp: We will begin with the next group, the Industrial Development Authority. The Authority's primary purpose is to issue tax exempt bonds for certain types of private development for the purpose of attracting new economic activity to the community. Jay Behrens resigned in January. There's one vacancy and two applicants. The applicants are John Bradley and Eric Sloan. I'll now entertain nominations for the Authority. You can vote for one. We'll start with Councilwoman Milhaven.

Councilwoman Milhaven: John Bradley.

Vice Mayor Klapp: And I will nominate Eric Sloan. We have the two nominated. We can move to the next one.

#### **LIBRARY BOARD**

[Time: 00:56:13]

Vice Mayor Klapp: Next is the Library Board. This Board advises the City Council on general policy relating to program services and future development of the Scottsdale public libraries. Mary Wilber's term expires in June and she's not eligible for reappointment. There will be one vacancy and one applicant. The applicant is Allegra Fullerton. Nominations beginning with me, and I vote for, or I

nominate Allegra Fullerton. Since there's no other names listed, we will move on to the next, and Allegra will be interviewed.

**LOSS TRUST FUND BOARD**

[Time: 00:56:53]

Vice Mayor Klapp: Next board we have an opening, this is the Loss Trust Fund Board. And required by state statute, the board makes recommendations to the City Council regarding the administration of the Loss Trust fund. The trustees meet at least once a year and submit a report to the City Council regarding the status of the trust fund. The report also includes recommendations the trustees deem necessary as specified in the code. The Council shall appoint five joint trustees of whom no more than one shall be a member of the City Council, and no more than one trustee may be a city employee. We have no applicants, so I have been asked by the Council to please plead to the community to ask if somebody would be interested in serving on the Loss Trust Fund Board. We would appreciate very much you applying. And please send your applications in for this very important board.

**NEIGHBORHOOD ADVISORY COMMISSION**

[Time: 00:57:44]

Vice Mayor Klapp: Next is the Neighborhood Advisory Commission. Again, we have no applicants for that. But I will read what the commission does. The Neighborhood Advisory Commission advises and makes recommendations to the Council on policies, plans, strategies and programs for the preservation, improvement, and revitalization of Scottsdale housing and neighborhoods. Again, there's an appeal. Please send your applications in for the Neighborhood Advisory Commission. This is a very important commission that we feel a lot of people might enjoy serving on if they just knew that there are openings available. So send in those applications.

**PARKS AND RECREATION COMMISSION**

[Time: 00:58:20]

Vice Mayor Klapp: Next is Parks and Recreation Commission. This commission advises the Council on the acquisition of lands and facilities for the use of parks and recreation centers. And on the operation and maintenance and use of the parks and recreation areas. Sherry Woodley's term expires in June, she's eligible for reappointment and has submitted an application for consideration. There is one vacancy and three applicants. The applicants are Marcus Mountford, Ramero Russell, and Sherry Woodley. We'll start nominations for the Parks and Recreation Commission. You have one vote. Start with Mayor Lane.

Mayor Lane: I nominate Sherry Woodley.

Councilmember Korte: No further.

Councilman Smith: No further.

Councilman Phillips: No further.

Councilwoman Littlefield: No further.

Councilwoman Milhaven: No additional.

Vice Mayor Klapp: No additional. So Sherry is nominated and will be interviewed.

**TRANSPORTATION COMMISSION - PATHS AND TRAILS COMMISSION**

[Time: 00:59:17]

Vice Mayor Klapp: The Paths and trails Subcommittee has two openings. The subcommittee is part of the Transportation Commission that provides a public forum for issues surrounding paths and trails. Michael Kuzel's term expired in January, he's eligible for reappointment and submitted an application for consideration. Linda Whitehead's term expired in November of 2016, she's eligible for reappointment, but did not submit an application for consideration. There are two vacancies and four applicants. The applicants are Scott Angell, Michael Kuzel, William Levie, Jenna Warner. And we'll begin the nominations for the Paths and Trails Subcommittee with Councilmember Korte. You can vote for two.

Councilwoman Korte: Thank you. I nominate Michael Kuzel and Jenna Warner.

Vice Mayor Klapp: Councilman?

Councilman Smith: Scott Angell and William Levie.

Vice Mayor Klapp: Gets all four nominated. They will be interviewed later. And that concludes our nomination process this evening. The city staff will contact those who were nominated and provide them with additional information about the interview process. I would like to thank anyone who has applied to serve on a citizen advisory board or commission. Even if you were not nominated, your application will remain on file for one year for consideration at a future date if there are additional vacancies. So with that we conclude the nomination process. And turn the meeting back over to the Mayor.

Mayor Lane: Very good, thank you, Vice Mayor. Nice job. And we got that accomplished in near-record time. But that does complete our business for our meeting.

**ADJOURNMENT**

[Time: 01:01:05]

Mayor Lane: And so unless there's any further comments or questions, I think I would ask for a motion to adjourn.

Vice Mayor Klapp: Move to adjourn.

Mayor Lane: And a second? Seconded. All those in favor of adjournment, please indicate by aye.  
We are adjourned. Thanks very much.